weekly economic review

April 25, 2014

Oil and Gas Metres Drilled

Metres pick up

Total metres drilled in Alberta increased 16.9% y/y (year over year) in February with impressive growth from natural gas (35.7%) and bitumen (44.2%). Growth in the number of meters drilled for conventional wells was more subdued at 4.0%. The start of the year is the busiest time for oil and gas drilling activity, and this is an extremely strong start to 2014.

Metres drilled per well was also higher in February February (+5.5%). All drilling types have noted strong increases in the number of metres drilled per well, reflecting an increased use of horizontal drilling techniques.

Retail Sales

Climbing higher

Alberta retail sales reached $6.5 billion in February 2014, an increase of 8.3% from the same month last year and nearly 1.0% higher than January. Sales from gasoline stations accounted for almost half of the year over year increase in retail sales, up 27.4% in February, after a 27.2% increase in January. Motor vehicles and parts dealers also contributed substantially to the overall increase, with sales up 7.8% over February 2013.

Nationally, retail sales were $41.0 billion, an increase of 3.7% (y/y), with Alberta experiencing the highest growth among provinces.

Wholesale Trade

Another month of strong growth

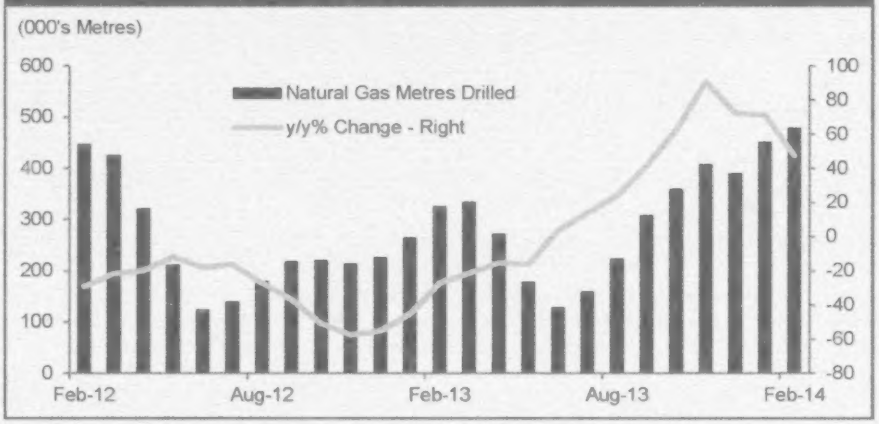
Alberta wholesale trade in February was up a healthy 1.1%, following exceptional growth of 2.9% in January. Wholesale sales was up 3.6% compared with last year, continuing a year and a half long trend of historically low sales growth in Alberta and the rest of the country. Year-over-year growth was led by sales from food, beverage and tobacco wholesalers (+6.6%) and machinery and equipment wholesalers (+3.5%). Sales of motor vehicle and parts lagged other categories, down 0.1% over last year, with a substantial increase in motor vehicle and parts sales of 21.8% unable to make up for a decline in new motor vehicles sales of 11.8%.

Monetary Policy Report

Higher inflation expected

The Bank of Canada is expecting inflation to return to the Bank's 2% target in the first quarter of 2015, three quarters earlier than expected. This is the first time in two years that the Bank has not revised down its forecast for inflation. The higher inflation outlook is mostly the result of the near doubling in natural gas prices, the full effects of which have yet to show up in the CPI as some provincial regulators are just in the process of approving rate increases. The Bank's forecast for core inflation is mostly unchanged. Core inflation excludes the eight most volatile components of CPI, including natural gas. It is used as a guage of underlying inflation pressures.

Alberta Natural Gas Metres Drilled



Source: Alberta Energy Regulator

Closing Price	April 16, 2014	April 24, 2014	2014-15 Fiscal YTD
Canadian Dollar (US¢/$CAN)	90.68	90.69	91.00
WTI Oil ($US/bbl)	103.76	101.94	102.37
NYMEX Natural Gas($US/MMBtu)	4.53	4.71	4.57

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Alberta Economic Indicators

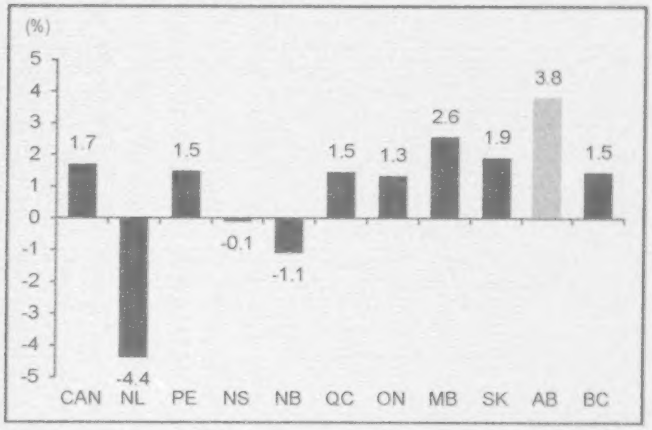
Population[1]	2012	2013	2014YTD	Oct	Nov	Dec	Jan	Feb	Mar
Population (000's)	3,889	4,025	4,083	4,061	--	--	4,083	--	--
y/y % change	2.6	3.5	3.4	3.5	--	--	3.4	--	--
Net Interprovincial Migration	27,652	52,677	15,932	10,269	--	--	5,663	--	--
Net International Migration	40,842	52,551	25,185	16,436	--	--	8,749	--	--
Net Non-permanent Residents	10,085	19,560	9,274	8,213	--	--	1,061	--	--
Labour Market									
Employment (000's), SA	2,150	2,211	2,256	2,235	2,246	2,237	2,243	2,262	2,261
y/y % change	2.7	2.9	3.7	3.5	3.5	3.1	3.2	3.8	4.0
Unemployment Rate (%), SA	4.6	4.6	4.6	4.5	4.7	4.8	4.6	4.3	4.9
Participation Rate (%), SA	73.4	73.1	73.1	73.0	73.3	72.9	72.8	73.1	73.3
Average Weekly Earnings ($), SA	1,070.31	1,107.75	1,134	1,123	1130.1	1140.5	1,134	--	--
y/y % change	3.5	3.5	5.1	3.6	4.1	4.7	5.1	--	--
Price Indices									
Consumer Price Index (y/y % change)	1.1	1.4	3.0	1.0	1.7	2.1	2.7	2.4	3.9
Excluding food and energy	1.4	1.4	2.2	1.6	1.5	1.9	2.1	2.3	2.3
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.8	1.2	--	--	--	1.3	--	--	--
Farm Product Price Index (y/y % change)	6.8	4.5	--	0.9	4.4	-5.4	--	--	--
Crops	8.0	4.3	--	-10.1	-12.3	-16.1	--	--	--
Livestock	5.7	4.5	--	9.0	5.3	5.5	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	33.4	36.0	38.3	38.2	43.9	36.2	39.3	35.7	39.9
y/y % change	29.9	7.8	16.8	14.4	9.6	18.6	29.5	4.5	17.9
New Housing Price Index[3] (y/y % change)	1.3	2.8	3.2	3.0	3.1	2.9	3.2	3.3	--
Edmonton	0.9	0.4	0.2	0.3	0.0	-0.2	-0.2	-0.1	--
Calgary	1.7	5.3	6.9	6.1	6.5	6.1	7.0	6.9	--
MLS Average Resale Prices ($ 000's)	362.0	380.2	399.9	381.5	388.6	389.7	399.6	401.0	399.1
y/y % change	2.6	5.0	6.7	3.9	5.3	4.7	7.9	6.5	5.6
Edmonton ($ 000's)	332.7	343.8	357.5	339.2	347.2	356.9	356.5	360.7	355.3
y/y % change	2.6	3.3	5.4	1.4	2.5	5.3	6.7	5.8	3.8
Calgary ($ 000's)	410.8	436.6	455.6	439.8	449.3	449.5	456.4	455.3	455.3
y/y % change	2.2	6.3	5.0	4.2	7.7	4.5	5.9	4.5	4.7
NEW! Retail Sales, SA (y/y % change)	7.0	6.9	9.1	7.6	7.5	7.5	9.9	8.3	--
New Motor Vehicle Unit Sales (y/y % change)	10.5	6.2	3.7	6.5	5.3	7.9	-1.8	5.5	--
Consumer Bankruptcies	5759	4689	336	383	323	284	336	--	--
y/y % change	-18.1	-18.6	-24.7	-21.7	-23.1	-17.9	-24.7	--	--
Business Sector									
Rigs Drilling	250	235	368	239	233	259	392	403	307
y/y % change	-12.6	-5.9	0.7	1.0	-9.8	-9.9	6.7	4.4	0.4
Goods Exports, customs based (y/y % change)	2.8	8.2	9.9	18.6	14.0	19.0	12.4	7.1	--
Energy	3.6	11.2	12.2	25.6	18.2	27.9	15.4	8.7	--
Farm, Fishing and Intermediate Food	-20.6	-8.3	-9.2	-14.4	-3.6	-18.1	-6.3	-12.0	--
Farm Cash Receipts (quarterly, y/y % change)	15.8	2.1 YTD	--	--	--	--	--	--	--
Manufacturing Shipments, SA (y/y % change)	3.4	1.9	6.6	6.0	7.4	5.7	7.4	5.9	--
Wholesale Trade, SA (y/y % change)	10.8	2.1	3.9	5.1	1.5	0.9	3.9	--	--
Building Permits, SA (y/y % change)	14.8	17.7	10.6	24.7	6.9	10.7	40.9	14.8	--
Residential	18.2	19.9	27.8	39.1	15.6	23.3	50.8	5.2	--
Non-residential	10.7	16.1	11.6	5.5	-29.7	-4.4	24.9	36.6	--
Business Bankruptcies	230	137	7	15	8	14	7	--	--
y/y % change	12.9	40.4	-30.0	-16.7	-46.7	-12.5	-30.0	--	--

1 Quarterly, annual numbers are presented on a census year basis (July 1 - June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year to date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

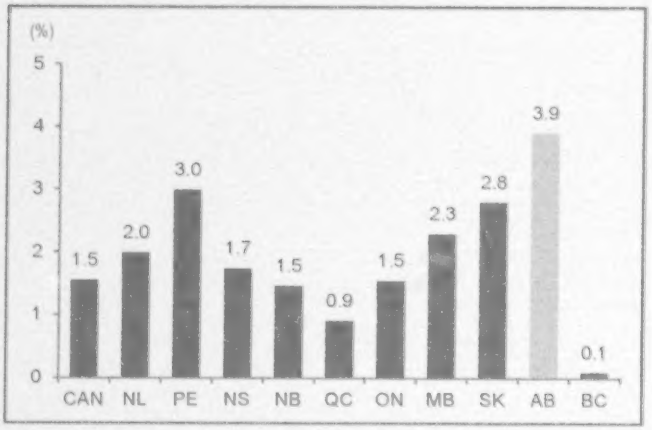
p denotes a preliminary annual number
Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada)
All historical data are subject to revision.

Economic Indicators by Province

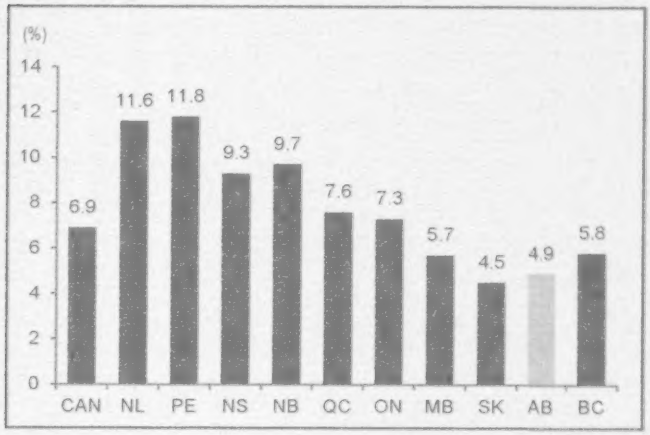
Real GDP at Market Prices
(2012, year-over-year growth)



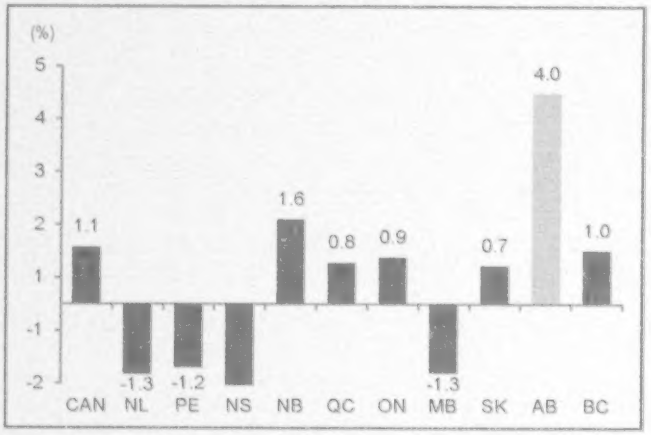
CPI Inflation
(March 2014, year-over-year growth)



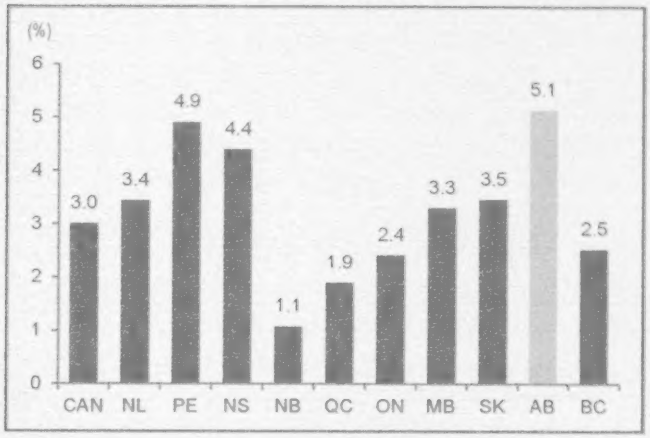
Unemployment Rate
(March 2014)



Employment
(March 2014, year-over-year growth)



Average Weekly Earnings
(January 2014, year-over-year growth)



Housing Starts
(March 2014, SAAR, year-over-year growth)